

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7794**

**BILL NUMBER:** SB 401

**NOTE PREPARED:** Jan 6, 2005

**BILL AMENDED:**

**SUBJECT:** Joint purchase of insurance by schools.

**FIRST AUTHOR:** Sen. Clark

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill allows school corporations to jointly purchase insurance.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The bill could potentially reduce school insurance costs. The impact would depend on the extent schools could jointly purchase insurance. For the 2004 school year, schools spent about \$692.2 M on insurance. The expenditures were about \$68.1 M greater than the 2003 expenditures of \$624.1M. If schools could save 1% statewide, then the savings would be about \$6.9 M annually. The most costly type of insurance purchased by schools is health insurance, which makes up about 92% of all insurance costs. Schools may have some problems jointly purchasing health insurance since the health plans may differ.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** Local Schools.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.